

Department of Social and Health Services

DP Code/Title: M2-TG ProShare Funding Shortfall

Program Level - 080 Medical Assistance

Budget Period: 2003-05 Version: H2 080 2003-05 2004 Sup-Agency Req

Recommendation Summary Text:

This step reflects a decrease in revenue from previous estimates of Nursing Home ProShare funding. Statewide result number 4.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
760-1 Health Services Account-State	(13,006,000)	(14,436,000)	(27,442,000)
Total Cost	(13,006,000)	(14,436,000)	(27,442,000)

Staffing

Package Description:

Under the Nursing Home ProShare program, the state can reimburse non-state government-owned (Public Hospital District) nursing homes up to the Medicare Upper Payment Limit (UPL) for services provided to Medicaid clients. The value of the UPL is the difference between what Medicare would have paid and what Medicaid paid for services to these clients and is the amount paid out in ProShare payments. Most of the ProShare payment is returned to the state in an inter-governmental transfer payment. This revenue is placed in the Health Services Account and funds health care services for low-income Washington residents.

Original estimates of the UPL difference were overstated for State Fiscal Years 2003, 2004, and 2005. Corrections were made to the underlying methodology and assumptions. Estimates of Medicare payments were calculated in compliance with relevant federal guidelines and compared to Medicaid payments for the State Fiscal Year 2003 calculation. The recalculated difference was compared to original estimates for State Fiscal Year 2003, which resulted in the adjustment detailed on the attached worksheet. The UPL difference for State Fiscal Year 2003 was also used to estimate the reductions necessary for State Fiscal Year 2004-05 since it is the most accurate information currently available.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This request supports the Medical Assistant Administration (MAA) strategic goal of assuring access to necessary medical services for eligible Department of Social and Health Services clients.

Performance Measure Detail

Program: 080

Goal: 10H Assure access to high quality health care

No measures submitted for package

Incremental Changes

FY 1

FY 2

Reason for change:

Actual revenue from ProShare transactions will be less than the estimates used to create the Fiscal Year 2003-05 budget. This decision package details the changes to bring the budget in line with estimated revenue.

Impact on clients and services:

Department of Social and Health Services

DP Code/Title: M2-TG ProShare Funding Shortfall
Program Level - 080 Medical Assistance

Budget Period: 2003-05 Version: H2 080 2003-05 2004 Sup-Agency Req

Reductions in program spending may be necessary if the reduction in ProShare revenue results in less overall revenue in the Health Services Account. An analysis of all revenue sources to, and appropriations from the account must be performed to determine the possible impacts on programmatic expenditures for the 2003-05 Biennium.

Impact on other state programs:

Reductions in program spending may be necessary if the reduction in ProShare revenue results in less overall revenue in the Health Services Account. An analysis of all revenue sources to, and appropriations from the account must be performed to determine the possible impacts on programmatic expenditures for the 2003-05 Biennium.

Relationship to capital budget:

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

All necessary updates to WAC and the state plan have been completed. Contracts with the Public Hospital Districts reflect updated transaction amounts for ProShare.

Alternatives explored by agency:

Federal rules were extensively researched to develop updated ProShare amounts. No other alternatives are available at this time since these rules must be adhered to.

Budget impacts in future biennia:

ProShare payments reductions will continue in future years.

Distinction between one-time and ongoing costs:

In future biennia, only public hospital district UPL payments will be allowable, i.e., the federal "phase out" of larger ProShare payments will be completed in Fiscal Year 2005. All subsequent ProShare payments will total approximately \$3 million annually, beginning in State Fiscal Year 2006.

Effects of non-funding:

If this request is not approved, HSA revenues will not be accurately reflected.

Expenditure Calculations and Assumptions:

See attachment - MAA M2-TG ProShare Funding Shortfall.xls

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
N Grants, Benefits & Client Services	(13,006,000)	(14,436,000)	(27,442,000)

Department of Social and Health Services

DP Code/Title: M2-TG ProShare Funding Shortfall

Program Level - 080 Medical Assistance

Budget Period: 2003-05 Version: H2 080 2003-05 2004 Sup-Agency Req

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 760-1, Health Services Account-State				
<u>Sources</u>	<u>Title</u>			
7601	Health Services Account	(13,006,000)	(14,436,000)	(27,442,000)
<i>Total for Fund 760-1</i>		<u>(13,006,000)</u>	<u>(14,436,000)</u>	<u>(27,442,000)</u>
Total Overall Funding		<u>(13,006,000)</u>	<u>(14,436,000)</u>	<u>(27,442,000)</u>